

UNITED STATES DEPARTMENT OF AGRICULTURE

Farm Service Agency  
Washington, DC 20250

Notice FC-138

442.11

For: State Offices

Indian Tribal Land Acquisition Program (ITLAP)

Approved by: Deputy Administrator, Farm Loan Programs

*Carolyn B. Cooks*

1 Overview

A  
Background

This notice clarifies issues that have been identified as a result of an OIG audit regarding ITLAP loans.

B  
Purpose

This notice provides instruction to:

- require that a lien be taken on land purchased with ITLAP funds
- clarify that when testing for credit for ITLAP loans, funds should not be available from private or commercial sources as well as from BIA
- require that as a condition of loan approval, a corresponding reduction in loan principal must accompany the sale of assets that are not renewable within the life of the loan
- require that SED's coordinate with BIA to ensure that restrictions are placed on loan proceeds, debt service, and reserve accounts that are required as part of the loan agreements
- clearly establish that DD's are the primary contacts for making and servicing ITLAP loans.

Disposal Date

October 1, 1998

Distribution

State Offices

## FSA-581, Review Data for Inequitable Treatment (Continued)

## FSA-581 (10-22-97) Reverse

## 18. Comments with regard to Item 11 for inconsistencies

The borrower requested a meeting with Attachment 6A. The meeting was held on September 22, 1997, with no change in the situation. Appeal rights should have been provided after the meeting. Return the file to the County Office and instruct them to provide borrower with appeal rights. When appeal rights are concluded, the County Office will need to send the borrower Exhibit K.

18A. Date Returned to County Office for further servicing

12-2-97

18B. Date County Office is to complete servicing

3-1-98

## 19. Comments with regard to Item 12 for inequitable treatment

20. Review Official Signature

Title

Date

21. Date Office of Civil Rights Contacted

23. Results

22. Person Contacted

24. Date Formally Referred to OCR/PCAD

25. Referral Official Signature (SED)

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**2 Action (Continued)**

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**D**

**Accounting of  
Funds**

FmHA Instruction 442.11 VIII E requires that land acquisition, debt service, and reserve accounts be established at loan closing.

SED must coordinate with the tribe and BIA to ensure that the specific requirements for the land acquisition, debt service, and reserve accounts, according to FmHA Instruction 442.11 VIII E, are met throughout the life of the loan. Therefore, these accounts shall be serviced at least annually by SED. Any problems that SED's are unable to resolve will be reported to DAFLP.

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**E**

**Responsibility**

DD's whose area of responsibility may include an Indian Reservation that is recognized by the Federal Government, will be the primary contact in making and servicing ITLAP loans.

DD's shall submit to SED plans to service any outstanding ITLAP loans according to FmHA Instruction 442.11 and FmHA Instructions 1951-E and 1951-F.

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**F**

**Contact**

If there are questions about this notice, contact Gary West, LSPMD, Loan Servicing Branch through the Area Office.

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